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DEPT PLS PASS USAID FOR AFR, AND ALSO PASS USAID

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SUBJECT: SUDANESE OFFICIALS REACT TO U.S. ECONOMIC SANCTIONS

¶1. (U) SUMMARY: Many Sudanese officials have quickly and publicly responded to the May 29 announcement of tightening U.S. economic sanctions on Sudan. Sudanese President Omar Al-Bashir stated that he believes the sanctions will most dramatically affect the Sudanese poor. Others, such as Salva Kiir Mayardit, First Vice President of the Government of National Unity and President of the Government of Southern Sudan (GoSS), criticized the economic sanctions and stated that they will not help achieve peace in Darfur, but will only harm Sudanese citizens in other parts of the country. While uniformly pessimistic, responses focus on varying themes such as Sudanese resilience and defiance, the sanctions' alleged negative impact on humanitarian efforts and the poor, and the timing of the announcement. END SUMMARY.

¶1. (U) All remarks are taken from four Sudanese Arabic newspapers from May 30 to June 2: Al-Ayaam, Akbar Lahza, Al-Sharia' Al-Siasi:

¶2. (U) President Al-Bashir stated that the US economic sanctions actually target Sudanese citizens. He declared that most of the companies added to the sanctions list are agricultural and have no relation to Darfur. He added that sanctions have also caused great damage to many U.S. companies, especially in the oil and mining sectors. He commented that the Government of Sudan has replaced these American companies with Asian firms.

¶3. (U) First Vice President Kiir, criticized the economic sanctions and stated that they will not help achieve peace in Darfur, but will only harm Sudanese citizens in other parts of the country.

¶4. (U) Dr. Magzoub El-Khalifa, President Bashir's advisor and the chair of the Darfur Peace Agreement (DPA) Implementation Commission, stated that the GoS will not bow to U.S. sanctions. He added that Sudan will contact its friends to overcome the sanctions' effects. He commented that the sanctions will have a negative impact on the DPA and that they may hamper the upcoming negotiations between Darfur rebels, the AU, and the UN.

¶5. (U) Mohamed Ali El-Mardi, Minister of Justice, described the sanctions as unfair. He added that President Bush is trying to divert U.S. citizens' attention from his failure in Iraq and the casualties of U.S. soldiers there.

¶6. (U) Abdel Rahim Hamdi, Ex-Minister of Finance and National Economy and the National Congress Party (NCP) economic advisor described the sanctions as fragile and merely a political distraction. He stated that the sanctions will have no impact on Sudan's economy, hinting that there have been no financial transactions between Sudan and the U.S. since 1997. He stated that most of the targeted companies are privately owned. For example, El-Sunut Development Co. is owned by the agent of Coca-Cola in Sudan and 70% of SUDATEL, AAAID, and GIAD companies are owned by expatriates. Hamdi further noted that sanctions do not include the Chinese or Malaysian oil companies.

¶7. (U) Dr. Izz El-Din Ibrahim, Ex-State Minister of the Ministry of Finance and National Economy, stated that the sanctions are merely a renewal of the previous economic sanctions instituted in 1997.

¶8. (U) Bader El-Din Mahmoud Abbas, Deputy Governor of the Central Bank of Sudan (CBOS), stated that U.S. sanctions are not new. He added that because sanctions were imposed by the U.S. alone, they will not hamper Sudan's economy. In his opinion, the sanctions are a psychological tactic for prompting greater divestment from Sudan. He stated that the CBOS is exploring options for using a currency other than the U.S. dollar for international commercial transactions.

¶9. (U) Dr. Ahmed El-Magzoub, State Minister at the Ministry of Finance, and Ms. Nagat Mohamed Salih, Undersecretary of the Ministry of Foreign Trade, stated that sanctions will not have any impact on Sudan's economy.

¶10. (U) Dr. Babiker M. Tom, Deputy Chairman of the Economic Committee, National Assembly, criticized the U.S. sanctions and described them as unfair. He opined that the sanctions will likely have more of a symbolic or psychological effect than an economic one, since Sudan has not had commercial ties with the U.S. since ¶1997.

¶11. (U) Hashim El-Bashir of the Sudanese Workers Trade Union Federation (SWTUF) criticized the sanctions and stated that Sudan will not bow or kneel to the U.S.

¶12. (U) COMMENT: The sanctions' effect on the poor, the perceived ill-timing of the announcement, and the call for Sudanese resilience are all different themes running through these remarks. Many Sudanese politicians have questioned the efficacy of sanctions on Sudan, its effect on the Darfur Peace Agreement, and its relation to the war in Iraq. Public Diplomacy efforts highlighting the U.S. contribution to Sudanese humanitarian relief and development may provide a resource for countering some of the positions espoused above. END COMMENT.